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ABSTRACT

Older workers face many obstacles to working after age 65. This situation is causing significant problems for the social security system. In light of previous findings that many older workers prefer part-time employment, an intensive study was conducted of the policies of one company and its employees' attitudes. Participants expected to retire at 64 or 65 but the preferred retirement age was 62. Only 8 percent expected to retire because of poor health. Early retirement was of interest to the employees primarily because of the opportunity to pursue leisure activities. More than half reported that the economy affected retirement plans and two-thirds reported a preference for part-time work as a transition toward retirement. Older workers were interested in improving their pension benefits during retirement in contrast to earning higher salaries or improved fringe benefits while working. The results suggest a need to reassess the value and productivity of older workers. (JAC)

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OLDER WORKER ATTITUDES TOWARD PHASED RETIREMENT OPTIONS

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Older workers face many obstacles to working after age 65. Incentives in work schedules, in most private pension plans and in Social Security benefits encourage these productive workers to retire. As a result, the labor force participation rate of older workers has declined dramatically over the past twenty-five years. This situation has become a significant national problem for several reasons. Chief among these is the costly contributions by current workers to their retired counterparts. Social Security taxes are higher than income taxes for more than half of all families in the U.S. As unemployment worsens in the current economy, the above contributions to Social Security decline, while at the same time benefits paid out increase. In light of the changing age composition of the U.S. labor force during the next decades - as the number of younger workers will decline as the number of older individuals and retirees grow - the tax burden to support present benefit levels of this pay-as-you-go retirement system will consume increasing levels of government revenue. Social insurance taxes and contributions in 1979 were an estimated 30 percent of total federal government revenues.

While this retirement problem of current social security funding may be settled temporarily through trust fund borrowing or by a one time general revenue bailout, the long term problem of dealing with the older labor force needs attention as well. Continued early retirement or early labor force withdrawal by older workers can stimulate shortages of skilled labor in select industries. These could expand into broader labor shortages in all fields in the next decades. Current local and regional shortages can be found across the country in a number of professions - from oil driller to engineer. Employers appear to be ignoring their supply of skilled older workers. The latter have been retiring from full-time work and many would prefer to continue working part-time.

In light of the findings from many national surveys which regularly report the preference towards part-time work among retiring/retired elders, our research team negotiated an intensive study of one employer and the firm's older workers. We chose to seek the opinions of current older workers toward a variety of work environment and retirement planning issues. In a separate activity, we collected information from several managers to determine whether company policies and practices influenced the retirement decisions of older workers. This paper discusses briefly the methodology of the study, presents some preliminary findings, and suggests several strategies which employers and older workers may initiate to improve work and retirement planning in one's later years.

Methodology

In the fall of 1980, the authors began negotiations with a large, Fortune 500 company located on the West Coast. This firm employs more than 18,000 workers and offers a number of unusually broad employment programs which we felt would serve as a progressive model for other employers to consider. The firm's record of progressive personnel policies can be summarized as follows:

- . age-neutral hiring procedures
- . age-neutral educational and training opportunities
- . age-neutral promotional opportunities
- . an established job re-design program
- . no mandatory retirement
- . part-time work, including temporary and permanent

On paper, the company appeared to be operating with a wide range of flexible

personnel practices conducive to promote a positive work environment. The employee survey of older workers sought to confirm whether these were understood by workers and to identify opinions towards issues of job satisfaction, retirement planning, and preferences toward a variety of employment and benefit options.

Upon receiving the company's agreement including a supportive letter from a vice president which was enclosed in the questionnaire packet, the authors surveyed during the spring of 1981 approximately 1200 randomly selected workers aged fifty and over. Approximately 80 percent, or more than 900 employees, responded to the in-house mail survey. Respondents included production workers, craft workers, managers, professionals, clerical workers, service personnel and technicians. Their median age was 57; 53 percent of the respondees were women (Table I here). The average length of service with the company was thirteen years and this figure is low because the firm has undergone significant expansion in recent years. Since 30 percent had been hired in the past five years, the company's reputation for non-discrimination of older workers is well supported. Table I identifies additional socio-economic characteristics.

From a separate set of interviews with company officials who managed workers, the research teamlearned that most hiring is done passively. The employment office acts as a conduit for the various divisions and provides a screen function using functional job task criteria. Before the current recession a broad range of employment opportunities were available to prospective employees. The recession has affected this firm, too, as a work-sharing plan of several unpaid company holidays has been utilized during the fall and winter holiday season.

The survey sought to identify what employment and retirement conditions could be altered so that current older workers would be led to alter their retirement plans. The topics of planned retirement ages, reasons for retirement, attitudes towards part-time work and types of schedules, and preferences toward higher pay or improvement in retirement benefits are summarized below. The total questionnaire included 241 items.

Planned Retirement Ages

The participants reported that they expected to retire between the ages of 64 and 65, but the preferred retirement age was 62. Only eight percent expected to retire because of poor health. Fifty-eight percent reported that their last performance appraisal rating was above job requirements, and less than one in twenty-five reported below average evaluations. More than three quarters, seventy-six percent, reported their current state of health as good/excellent(Table I). Thus, these individuals appeared to be healthy, productive employees, who looked forward to early retirement.

Reasons for Retirement

Early retirement interests these workers primarily, 43 percent, because of the opportunity to pursue leisure activities. Nearly one quarter of the respondees added a specific answer in identifying the item listed as "other". These included such reasons as traveling and pursuing other interests, becoming a gourmet cook and pursuing painting as a hobby, and fishing. Other comments indicated a desire to work part-time, a feeling of not being able to keep up with the pace on-the-job, and a concern expressed by one seventy year old that a legal requirement would necessitate retirement. Finally, comments were received regarding the timing of retirement

Table I

Socio-economic Characteristics of Workers

(N=908; *some missing cases, so percentages not equal 100.)

Age*	(%)
50-54	28
55-59	29
60-64	30
65-69	6
70+	1
Sex	
Male	47
Female	53
Race	
White	95.3
Black	.7
Other	4.0
Marital Status*	
Married	71.3
Widowed	10.1
Divorced/ Separat.	16.3
Never Married	1.7
Education	
0 to 8th grade	5.5
Some high school	12.6
High School grad.	36.1
Some College	30.1
College grad.	5.9
Some post-grad/+	9.9

Job Description	(%)
Production	35.7
Craft	4.4
Sales	1.0
Managerial	14.4
Office/clerical	8.8
Professional	10.5
Service	11.4
Technical	13.7
Household Gross Income (1980)	
$10,000 or less	4.8
$10,001 to $15,000	14.8
$15,001 to $20,000	15.5
$20,001 to $25,000	14.4
$25,001 to $30,000	13.3
$30,001 to $35,000	11.0
$35,001 to $40,000	8.1
$40,001 to $45,000	6.8
$45,001 to $50,000	4.0
$50,001 to $55,000	2.9
$55,001 to $60,000	1.1
$60,001 and above	3.3
Health Rating	
Excellent	42.9
Good	33.5
Fair	21.2
Poor	1.6
Very Poor	.8

with one's spouse (Table II). This sizable group reporting special reasons for planning retirement suggests that the reason of health which often is attributed to the retirement of older workers, is overstated. Because of the weakening economy, our survey sought to identify whether inflation affected retirement plans. More than half, 54.4 percent, reported a great deal of impact and another third, 30.9 percent, reported some influence. While the company has several profit-sharing plans, the current group of older workers identifies inflation as being a concern to them.

Interest in Part-Time Work

Our group of older employees were asked if they would consider shifting to part-time work as a transition step toward retirement. Approximately two-thirds responded affirmatively (Table III). The chief reasons for this interest included gaining time for pursuing leisure activities and to fulfill family activities and responsibilities. Nearly three fourths of these employees who expressed an interest in part-time work, plan to work after they have become eligible for a pension (Table IV). Only fourteen percent indicated that upon becoming eligible for benefits, they would quit and seek employment elsewhere. Eleven percent would quit working and retire. Of those not interested in working part-time, one out of every four expected to stop and retire when eligible for a pension. This is more than double the number who had expressed an interest in part-time work. The type of worker became important in identifying those interested in part-time work. Managers, craft workers, and professionals identified the greatest interest in shifting to part-time (Table V). Production and service workers indicated considerably less interest although the level of interest was approximately one out of every two workers.

Whether to make part-time work available for those who are interested becomes a complex set of questions for any firm. Modification of job tasks, schedules, and remuneration are key elements to such a corporate decision. The managers' group identified changes they would like if their job would be modified. The majority indicated that they would prefer a position with less responsibility and fewer daily responsibilities. Eighty-two percent indicated they would like a part-time position which would allow them to have more assignments which would utilize their particular expertise.

In the current group of older workers, a higher percentage of men, sixty-seven, were interested in part-time schedules than women, fifty-seven, percent. Median earnings of workers who expressed an interest in working part-time were in the range between fifteen and twenty thousand. This contrasted with a lower median earnings figure, between ten and fifteen thousand, reported by those workers who were not interested in any part-time work. This finding of higher income workers interest in part-time work, differs from most reports and earlier studies of the population as a whole. These have shown that lower income workers want or have to work part-time in their later years.

Scheduling Part-Time Work

Part-time work schedules in most companies are based on two formulae of part-day, full week or full day, part-week. Few permanent part-time positions are available on a part-year basis. Many of the older workers indicated an interest in the traditional full day, part-week schedule (Table VI). Approximately fifty percent were interested in a full day, part-week schedule for

Table II

Primary Reason You Plan to Retire

(N= 846)

	Looking forward to Leisure	Looking Forward to Another Type of Employment	Your Health Your Family Responsibilities	Tired of Working	Other
n =	360	89	66	28	91	212
% =	42.6	10.5	7.8	3.3	10.8	25.1

Table III

Reasons for Interest in Part-Time Work

(N = 531)

	Reduce Emotional Strain	Reduce Physical Strain	Time for Family Activities and Responsibilities	Time for Leisure Activity	Take Up Another Job, Business or Profession
n=	160	131	362	398	140
%= (See Note)	30.1	24.7	68.2	75.0	26.4

Note: As participants were invited to provide multiple responses, overall totals exceed 100%.

Table IV

Plans for Earliest Retirement Age by Interest in Part-time Work Schedule

		Continue Working Present Employer	Continue Working Other Employer	Cease Working and Retire	Total
Interest in Part-time	n=	374	72	57	503
	%=	74.4	14.3	11.3	100.0
Not Interested in Part-time	n=	194	22	75	291
	%=	66.7	7.6	25.8	100.0

Table VI

Preferences Among Alternative Part-time Work Schedules

	Part Day, Full Week, Full Year	Full Day, Part Week, Full Year	Full Day, Full Week, Part Year	Part Day, Part Week, Part Year	Total
n=	38	259	108	100	505
%=	7.5	51.3	21.4	19.8	100.0

Table V

Interest in Part Time Work Schedule

by Job Type

		Interested in Part Time	Not Interested in Part Time	Total
Production	n=	129	129	258
	%=	50.0	50.0	100.0
Craft	n=	25	12	37
	%=	67.6	32.4	100.0
Managerial	n=	93	28	121
	%=	76.9	23.1	100.0
Office-Clerical	n=	49	23	72
	%=	68.1	31.9	100.0
Professional	n=	69	18	87
	%=	79.3	20.7	100.0
Service	n=	47	40	87
	%=	54.0	46.0	100.0
Technical	n=	82	34	116
	%=	70.7	29.3	100.0

the full year, but nearly forty percent indicated an interest in a part-year, part-time position. Older workers who work in a part-time job for only a partial year offer employers experienced workers who may meet the needs of the firms peak periods or seasonal demands. This should create congruence between older workers' desires for part-year work with employers' needs for a flexible workforce.

Analysis: Part-Time Work As a Company Policy

Part-time positions must be designed for each employee and requires a commitment from the top of the organization if such a flexible personnel policy is to be established. Interest in part-time work is significantly related to the individual's perception that it is an available employment option. Although many older workers in this study indicated an interest in part-time work, this group would have been even larger if all workers had been aware that part-time work was available. Fifty percent of the workers who did not think that part-time work was an available employment alternative indicated that they were not interested in part-time work. This compares with the thirty percent of the older workers who wanted to see part-time work as a possibility and did not think it was an available option. Perception of current workers to employment options is often based on the emphasis that top management gives to personnel practices. An employer who identifies clearly the availability of a permanent part-time option may increase the number of workers expressing an interest in that part-time employment. When shortages of skilled workers develop in a firm, this older worker group represents one alternative labor supply.

Our firm's part-time workforce was distributed throughout the company. In discussions with several managers, however, our research team identified a relationship between the pension plans and remuneration with the older employees' decisions of where to work. Two sources of information showed the value of flexible personnel policies in regard to part-time work and pension benefits. First, older workers were asked whether their firm should allow eligible workers to work part-time while receiving pro-rated pension benefits (once eligibility is achieved). Seventy-five percent supported this potential policy. Almost two-thirds of the surveyed workers indicated that if such a policy were available, they would definitely or probably continue to work for the firm part-time while drawing pro-rated pension benefits past the age at which they planned to retire. Managers and professional workers showed the highest level of interest in working part-time and receiving partial pension benefits. Fifty-three percent of the workers said that such a policy would give them an incentive to stay on the job longer. Thirty-eight percent reported that such a policy would have no effect on their morale.

Most private pension policies mandate that an employee cease employment with the host firm before he/she may receive pension benefits. However, if the firm permits, an employee may work less than twenty hours while drawing a pension. Any work above this weekly figure either reduces or terminates the benefits. Thus, an older worker who is unable to receive any pension in changing to a part-time position, will likely be motivated to retire and cease all work or seek work with another employer while drawing pension benefits.

The second source of information which verified the value of offering part-time work with part-time pension payout was gained in the interviews

with several managers. They reported that a pilot project in one division was unexpectedly successful in establishing a part-time labor force of experienced workers. A production facility was designed to insulate the company's permanent labor force from cyclical expansions and contractions. Employees who work in this temporary facility are excluded from fringe benefits although they are able to earn wages approximately ten percent above comparable permanent employees. When this facility opened, a sizable number of older workers sought to work in this setting. Since employees are excluded from fringe benefits, pensioned individuals were eligible to work without loss of pension benefits. The company's managers reported that the facility's part-time schedules produced higher productivity in the pursuit of repetitive job tasks, as well. Permanent older workers thus voted with their feet in joining this temporary facility, that a policy of pension payout with part-time work was important.

Often a management policy in one division of the firm will affect in an unexpected manner the activities in other divisions. Our team discovered such a policy which was detrimental to part-time work. The firm's accounting practices measured the output of workers only as full-time. Therefore, managers who hired permanent part-time workers faced a different standard and usually lower output than those managers who hired only full time employees. Establishing a full-time equivalence measure would equalize the measurement of output and end the unexpected current discrimination toward a part-time work force.

Summary/Conclusion

Alternative fringe benefit policies, remuneration practices and job scheduling offer employers an opportunity to encourage older workers to stay on the job longer. These policies, as well, can be modified to accelerate retirement. For the latter, the employer may offer employees willing to retire early a guarantee of part-time work as long as job performance meets a selected standard of acceptability. Pension accruals would not be continued for these workers so that the firm would pay less as compared with most current incentive early retirement programs which offer full, unreduced benefits and/or bonus payments.

For many workers, a part-time job enables them to pursue other activities. Any income from part-time employment could be set aside for an Individual Retirement Account to give additional income in the later years in addition to already earned retirement benefits. Older workers in our study were interested in improving their pension benefits during retirement in contrast to earning higher salaries or gaining improved fringe benefits while working. While any changes in pension plans are likely to require U.S. Treasury, Internal Revenue Service approval, this should not be considered a major hurdle to promoting part-time practices for older workers. A number of companies are in the midst of seeking such changes. In reassessing the value and productivity of older workers, the modification of work schedules, the identification of additional work options and the redesign of fringe and pension benefits offer an employer several strategies to keep production high and develop a supportive work climate for older workers.